

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04  
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 /115 W  
-----065359 212102Z /64

R 211320Z AUG 78  
FM AMEMBASSY THE HAGUE  
TO SECSTATE WASHDC 3199  
INFO EC COLLECTIVE  
AMEMBASSY JAKARTA

UNCLAS THE HAGUE 4628

ALSO FOR USOECD, USEEC

E.O. 11652: N/A  
TAGS: EFIN NL XG  
SUBJ: FORMER DUTCH TREASURER-GENERAL IS SKEPTICAL ABOUT  
PROPOSED EUROPEAN MONETARY SYSTEM

REF: THE HAGUE 4587

1. FORMER DUTCH TREASURER-GENERAL CONRAD OORT HAS NOW RECORDED HIS DOUBTS THAT EC COULD TIGHTEN POLICY COORDINATION SUFFICIENTLY TO MAKE PROPOSED EUROPEAN CURRENCY SYSTEM (EMS) A SUCCESS. AMSTERDAM PRESS SERVICE OF AUGUST 17, BASED ON RECENT SPEECH IN INDONESIA BY OORT IN HIS CAPACITY AS A FINANCIAL ADVISER IN THE PRIVATE ALGEMENE BANK NEDERLAND, REPORTED HE CHARACTERIZED EMS AS A EUROPEAN CURRENCY BLOCK WITH A LARGE COMMON RESERVE POOL ALLOWING IT SUBSTANTIALLY TO INFLUENCE EXCHANGE RATES OF EUROPEAN CURRENCIES VIS A VIS THE DOLLAR AND SAID IT WOULD REQUIRE LARGE INTERNAL CREDIT LINES TO HELP INDIVIDUAL COUNTRIES MAINTAIN THEIR RATES WITHIN THE SYSTEM. HE THOUGHT AN ADVANTAGE OF THE EMS WOULD BE THAT MEMBERS WOULD BE LESS DEPENDENT ON  
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ONE COUNTRY AND ONE CURRENCY (PRESUMABLY THE US AND THE DOLLAR) AS IS THE CASE IN THE IMF. BUT ON THE NEGATIVE SIDE, THE EEC HAS BEEN NOTABLY INEFFECTIVE IN COORDINATING ECONOMIC AND MONETARY POLICY AMONG MEMBERS. SUCH COORDINATION WOULD BE ESSENTIAL IN EMS. OORT DECLINED TO PREDICT THE CHANCES FOR EMS' REALIZATION, BUT NOTED ITS GERMAN SPONSORSHIP IS A STRONG POSTIVE ELEMENT SINCE GERMANY HAS

THE MOST TO LOSE IN TERMS OF INTERNATIONAL RESERVES AND IN THE PAST HAD BEEN A RELUCTANT PARTNER IN EUROPEAN MONETARY AFFAIRS.

2. COMMENT: OORT'S REMARKS ECHO SKEPTICISM TOWARD EMS EXPRESSED IN OTHER QUARTERS (REFTEL) AND SERVE TO UNDERSCORE A SURPRISING DEGREE OF UNITY IN DUTCH FINANCIAL CIRCLES. AS VIEWED FROM THE NETHERLANDS, EMS' SUCCESS WILL DEPEND PRIMARILY ON COORDINATION OF EC POLICIES TO REDUCE INFLATION RATE DISPARITIES AMONG MEMBERS.  
JOSEPH

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC PROGRAMS, DEVALUATIONS, FOREIGN EXCHANGE RATES  
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**Copy:** SINGLE  
**Draft Date:** 21 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
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**Disposition Reason:**  
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**Type:** TE  
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